

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

CIAE-00 INR-10 NSAE-00 PA-04 USIA-15 PRS-01 OIC-04

IO-14 L-03 H-03 DRC-01 /151 W
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FM USDEL ATLANTA

TO SECSTATE WASHDC PRIORITY 47

C O N F I D E N T I A L USDEL ATLANTA 40

E.O. 11652: GDS

TAGS: PFOR,OAS

SUBJECT: TRANSNATIONAL ENTERPRISES

REF: (A) USDEL 21 (B) STATE 86750

DEPT PLEASE PASS ALL AMERICAN DIPLOMATIC POSTS

USDEL 24

FOR ARA MR. KUBISCH, L MR. FELDMAN S/PC MR EINAUDI

1. AGENDA ITEM ON TRANSNATIONAL ENTERPRISES CAME UP AT SATURDAY MORNING SESSION OF GENERAL COMMITTEE. PERU INITIATED DEBATE BY READING SO-CALLED FACTUAL STATEMENT OF MNCS WHICH CONSTITUTED GENERAL CRITIQUE OF THEIR OPERATIONS, DRAWING ON MUCH OF LANGUAGE USED BY FONMIN DE LA FLOR IN THE COURSE OF WASHINGTON AND MEXICO MEETINGS. PERU THEN PRESENTED DRAFT RESOLUTION (REF A). AFTER EIGHT OR NINE DELEGATIONS HAD SPOKEN IN FAVOR OF PERU'S PROPOSAL, WITH ONLY BRAZIL INDICATING ANY SERIOUS RESERVATIONS ABOUT APPROACH, USDEL MADE BRIEF STATEMENT CONGRATULATING PERU FOR ITS FORESIGHT IN PLACING ITEM ON AGENDA, BUT POINTING OUT RESERVATIONS CONCERNING DUPLICATION OF MFM
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EFFORTS, SHORTNESS OF TIME FOR ADDITIONAL STUDIES, DANGER OF

APPARENT EFFORT BY THE PERMANENT COUNCIL TO STUDIES, DANGER OF APPARENT EFFORT BY THE PERMANENT COUNCIL TO SEIZE INITIATIVE FROM THE WORKING GROUP, AND THE IMPROPRIETY OF ANY ACTION WITHOUT PARTICIPATION OF TWO MEMBERS OF THE MFM. USDEL ALSO SUGGESTED THAT PERU'S RESOLUTION BE MODIFIED TO REFLECT NEED FOR COMPILATION OF EXISTING DOCUMENTS, RATHER THAN FOR ADDITIONAL STUDIES, AND DESIRABILITY OF NARROWING MANDATE GIVEN PERMANENT COUNCIL.

2. DEBATE CONTINUED AT LATE AFTERNOON SESSION WITH VARIOUS OTHER DELEGATIONS SPEAKING IN SUPPORT OF PERU. ONLY JAMAICA AND BARBODOS OPPOSED THE RESOLUTION DIRECTLY. HOWEVER, BRAZIL AND URUGUAY, WHILE SUPPOSEDLY GIVING SUPPORT, REFLECTED CONCERNS SIMILAR TO THOSE OF U.S. MEXICO GAVE SUPPORT TO PERU, BUT TOOK VERY LITTLE PART IN THE DEBATE. SPEAKING LATE IN SESSION, BARBADOS CALLED FOR A WORKING GROUP AND WAS SUPPORTED BY HONDURAS AND U.S. (WE HAD CONSULTED WITH PERUVIAN DELEGATION EARLIER AND HAD ASCERTAINED THAT GOP HAD NO OBJECTION TO FORMATION OF GROUP.)

3. WORKING GROUP CONSISTING OF PERU, ECUADOR, BRAZIL, U.S. JAMAICA AND HONDURAS THEN MET FOR ALMOST THREE HOURS WITH HONDURAS AS CHAIRMAN. COMPOSITION OF WORKING GROUP WAS EVENLY BALANCED BETWEEN THE TWO VIEWPOINTS, WHILE THOSE WITH RESERVATIONS WERE FAR OUTNUMBERED IN THE GENERAL COMMITTEE. HONDURAS ACTED AS CHAIRMAN-MEDIATOR.

4. U.S. INITIALLY TOOK LEAD IN WORKING GROUP IN SEEKING TO OBTAIN GOP AGREEMENT TO SUBSTANCE CHANGES IN SUGGESTED PARA. 2, REF. B. PERU INDICATED SOME WILLINGNESS TO ACCEPT EXPLICIT REFERENCE TO COLLECTION OF DOCUMENTS FUNCTION, BUT REFUSED TO DELETE CONCEPT OF NEW STUDIES DIRECTED BY PERMANENT COUNCIL. FROM THAT POINT ON, BRAZIL TOOK THE LEAD IN SEEKING TO NARROW SCOPE OF RESOLUTION TO COLLECTION OF DOCUMENTS FUNCTION, WITH SUPPORT FROM U.S. AND JAMAICA. BRAZIL INDICATED DURING WORKING GROUP ITS STRONG RESERVATIONS TO NEW STUDIES COMMISSIONED BY PERMANENT COUNCIL AND INSISTED ON LANGUAGE WHICH WOULD PERMIT DECISION NOT TO INITIATE NEW STUDIES BE TAKEN AFTER EXISTING ONES WERE BROUGHT TOGETHER.

5. USDEL BELIEVES RESULTING WORKING GROUP (PARA. 6 BELOW) WHICH WAS SUPPORTED BY ALL MEMBERS (ALBEIT VERY GRUDGINGLY BY CONFIDENTIAL

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JAMAICA) WAS BEST WE COULD HAVE HOPED FOR UNDER CIRCUMSTANCES. EMPHASIS IS PLACED ON COLLECTION OF DOCUMENTS BY OAS SECRETARIAT; COUNCIL IS ALSO AUTHORIZED TO REQUEST FROM COMPETENT ORGANS "STUDIES WHICH IT CONSIDERS NECESSARY," WHICH THE BRAZILIANS AND WE WILL INTERPRET AS A CLEAR BASIS FOR LATER DECISION THAT NO NEW STUDIES NEEDED. WORKING GROUP DRAFT WILL BE PRESENTED TO GENERAL COMMITTEE ON MONDAY MORNING. AND WILL LIKELY BE ACCEPTED BY CONSENSUS. IF BROUGHT TO FORMAL VOTE, USDEL WILL VOTE IN

FAVOR.

6. WORKING GROUP DRAFT READS AS FOLLOWS (ROUGH TRANSLATION):

QUOTE: THE GENERAL ASSEMBLY:

RESOLVES:

1. TO AUTHORIZE THE PERMANENT COUNCIL TO REQUEST OF THE GENERAL SECRETARIAT AN ORDERLY COMPILATION OF THE STUDIES WHICH THE OAS AND OTHER INTERNATIONAL ORGANIZATIONS AND INSTITUTIONS HAVE MADE CONCERNING THE NATURE AND JURIDICAL STRUCTURE OF TRANSNATIONAL ENTERPRISES, PRINCIPALLY THOSE WHICH OPERATE IN LATIN AMERICA, THEIR ECONOMIC CHARACTERISTICS, OPERATING MODES AND THE EFFECT ON THE DEVELOPMENT PROCESS IN THE DEVELOPING COUNTRIES OF THE REGION.

2. TO AUTHORIZE THE PERMANENT COUNCIL, ACCORDING TO CRITERIA IT CONSIDERS ADEQUATE, TO REQUEST FROM THE COMPETENT ORGANS OF THE OAS THE STUDIES WHICH IT CONSIDERS NECESSARY CONCERNING THE SAME SUBJECT.

3. TO INSTRUCT THE PERMANENT COUNCIL TO COORDINATE THE WORK, RECEIVE THE DOCUMENTS AND STUDIES AND MAKE THEM AVAILABLE TO THE GOVERNMENTS OF THE MEMBER STATES AND OF THE STATES WHICH WERE REPRESENTED IN THE RECENT MEETINGS OF THE FONMINS IN TLATELOLCO AND WASHINGTON, WITH THE OBSERVATIONS AND COMMENTARIES WHICH IT BELIEVES PERTINENT, AS SOON AS POSSIBLE, AND IN ANY EVENT BEFORE OCTOBER 31, 1974. END QUOTE.

7. USDEL SHARES DEPARTMENT'S CONCERN CONCERNING IAJC ROLE. WE BELIEVE IT UNLIKELY THAT IAJC WILL BE ASKED TO PERFORM THE SPECIFIC TASK ENTRUSTED TO THE WORKING GROUP OF THE MFM, E.G., DRAFTING OF A CODE OF CONDUCT FOR MNCS. HOWEVER, DEPARTMENT WILL CONFIDENTIAL

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RECALL THAT IAJC BEGAN STUDY OF MNCS AT ITS JANUARY 1974 MEETING AT THE INITIATION OF U.S. MEMBER WILLIAM BARNES. WE BELIEVE IT UNLIKELY, GIVEN IAJC MEETING SCHEDULE AND DATES OF CARACAS LOS CONFERENCE, THAT IAJC WILL MEET PRIOR TO SCHEDULED SEPTEMBER 23 DATE, A FACTOR WHICH WOULD MAKE IT EXCEEDINGLY DIFFICULT FOR IAJC TO COMPLETE ITS STUDY BEFORE THE END OF OCTOBER. HOWEVER, USDEL BELIEVES IAJC STUDY MIGHT IN ANY EVENT HAVE BEEN QUOTE ADMISSIBLE UNQUOTE BEFORE WORKING GROUP UNDER FINAL SENTENCE, PARA. 11 WASHINGTON COMMUNIQUE WHICH INSTRUCTS WORKING GROUP TO BEAR IN MIND REPORTS PREPARED BY THE UN AND "OTHER INTERNATIONAL FORUMS." MAILLIARD

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